

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

DEEP SKY SOFTWARE, INC..

CASE NO. 10-cv-1234-CAB (KSC)

Plaintiff.

vs.

**ORDER GRANTING DEFENDANT'S
APPLICATION FOR FEES AND
COSTS**

SOUTHWEST AIRLINES CO.,

[Doc. No. 49]

Defendant.

This matter comes before the court on defendant Southwest Airlines Co.'s application for attorney fees and costs. [Doc. No. 50.] Plaintiff Deep Sky Software, Inc. responded in opposition, and defendant replied. [Doc. Nos. 55, 56.] For the following reasons, defendant's application is **GRANTED**.

BACKGROUND

On June 9, 2010, plaintiff filed its complaint here against defendant for infringement of U.S. Patent No. 6,738,770 (the “’770 Patent”). [Doc. No.1.] In April 2011, defendant filed a request for *inter partes* reexamination of the ’770 Patent in the United States Patent & Trademark Office (“PTO”). The parties then jointly moved to stay this case, stating that a stay “has the potential to greatly reduce issues central to the litigation” and could prevent the court “from having to expend any judicial resources on this case.” [Doc. No. 26.] The court granted the parties’ joint motion and stayed the case. [Doc. No. 28.]

1 and Vishal Patel, associates with about 8 years' experience each. They bill at the
 2 following rates (depending on the invoice year):

Attorney	Hourly Rate
Max Ciccarelli	\$505 – \$625.50
Michael Heinlen	\$405 – \$535.50
Justin Cohen	\$345 – \$481.50
Visha Patel	\$270 – \$315

8 Plaintiff does *not* challenge these rates, and the court finds them reasonable.
 9 Instead, plaintiff contends defendant must deduct half of the expenses billed to
 10 defendant's fees motions and *all* expenses incurred during reexamination, reducing the
 11 final award to \$205,784.38.

12 A. Reasonableness of "Fees on Fees"

13 Plaintiff does not deny that the prevailing party in an exceptional patent case may
 14 recover reasonable fees incurred to obtain fees. *See, e.g., Mathis v. Spears*, 857 F.2d
 15 749, 756 (Fed. Cir. 1988). Instead, without any targeted argument, plaintiff complains
 16 that the amount defendant requests "seems tremendously excessive . . ." [Doc. No. 55
 17 at 5.]

18 Defendant seeks about \$65,000 for expenses incurred related to its exceptional-
 19 case motion and its application for fees. [Doc. No. 53-1 at 4, ¶ 8 and at 125–138.]
 20 Given the complexity of the exceptional-case motion, which required summarization
 21 and analysis of the reexamination proceedings, as well as the volume of invoices
 22 reviewed for the fees application, the court finds that both the hours expended on
 23 defendant's fees motions and the resulting amount sought are reasonable.

24 B. Fees for *Inter Partes* Reexamination

25 The issue of whether a prevailing party in an exceptional case may recover fees
 26 for proceedings before the PTO, when the case was stayed due to the PTO proceedings,
 27
 28

1 has received little attention. Several courts have awarded fees for PTO proceedings,¹
 2 others have not.²

3 The Federal Circuit “interpret[s] attorney fees to include those sums that the
 4 prevailing party incurs in the preparation for and performance of legal services *related*
 5 *to the suit.*” *Cent. Soya Co. v. Geo. A. Hormel & Co.*, 723 F.2d 1573, 1578 (Fed. Cir.
 6 1983) (emphasis added). Here, the legal services counsel performed for defendant
 7 during reexamination of the ’770 Patent were related to this suit. Reexamination was
 8 initiated during and in reaction to plaintiff’s action here. Further, the PTO’s
 9 cancellation of the asserted ’770 Patent claims on grounds of invalidity disposed of
 10 plaintiff’s complaint here and made defendant the prevailing party. Thus, just as the
 11 parties envisioned when they jointly moved to stay this case, the reexamination
 12 proceedings essentially substituted for work that would otherwise have been done
 13 before this court. *See PPG Indus., Inc.*, 840 F.2d at 1569 (the prevailing party was
 14 “entitled to reasonable attorney fees based upon the premise that the reissue proceedings
 15 substituted for the district court litigation on all issues considered by the PTO and the
 16 Board.”). Thus, under the unique circumstances of this case, defendant may recover
 17 fees for the reexamination proceedings.

18 Plaintiff also complains that defendant wrongly seeks fees for reexamination of
 19 U.S. Patent No. 7,370,047 (“the ’047 Patent”), which is purportedly related to the ’770
 20 Patent but was never asserted in this action. Defendant, in its application, states that it
 21 “is not requesting fees and costs associated with the reexamination of the ’047 Patent,”

23 ¹ *See IA Labs CA, LLC v. Nintendo Co.*, No. CIV. PJM 10-833, 2012 WL 1565296, at *4 (D.
 24 Md. May 1, 2012) aff’d, 515 F. App’x 892 (Fed. Cir. 2013) (awarding fees for work done during
 25 reexamination proceedings); *Howes v. Med. Components, Inc.*, 761 F. Supp. 1193, 1198 (E.D. Pa.
 26 1990) (reexamination proceedings); *Scott Paper Co. v. Moore Bus. Forms, Inc.*, 604 F. Supp. 835,
 838 (D. Del. 1984) (awarding fees for reissue proceedings); *PPG Indus., Inc. v. Celanese Polymer*
Specialties Co., 840 F.2d 1565, 1568 (Fed. Cir. 1988) (reissue proceedings); *Hickory Farms, Inc. v.*
Snackmasters, Inc., No. 05 C 4541, 2008 WL 4542961, at *1 (N.D. Ill. Apr. 2, 2008) (awarding fees
 27 incurred in opposing an attempt to renew a lapsed trademark registration).

28 ² *See, e.g., Intellect Wireless, Inc. v. HTC Corp.*, No. 09 C 2945, 2015 WL 136142, at *9
 (N.D. Ill. Jan. 8, 2015) (“To the extent the present fee petition contains time for work before the
 USPTO, such time should not be included in the fee award.”)

1 and defendant attaches a chart detailing the time it deducted related to the reexamination
2 of the '047 Patent. [Doc. No. 50 at 4; Doc. No. 53-1 at 139.] Plaintiff complains that
3 "there are numerous time entries that include work related solely to the '047 Patent[]
4 and for work related to both the '047 Patent and the '770 Patent-in-Suit," [Doc. No. 55
5 at 5], but plaintiff does not reference or challenge a specific entry. Without direction
6 from plaintiff, the court does not find any time entries that must be excluded because
7 they are not related to this litigation.

CONCLUSION

9 Plaintiff's case is dismissed with prejudice, and defendant, as the prevailing
10 party, is awarded \$387,182.91 in attorney fees, taxable costs, and non-taxable costs.
11 The Clerk of Court shall close this case.

12 || IT IS SO ORDERED.

14 | DATED: August 19, 2015


CATHY ANN BENCIVENGO
United States District Judge